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SIPDIS

DEPT FOR AF/S TCRAIG; AF/EPS DKRZYWDA  
USDOC FOR 4510/ITA/IEP/ANESA/OA/J DIAMOND  
COMMERCE ALSO FOR HVINEYARD  
TREASURY FOR JEWEL  
DEPT PASS USTR FOR PCOLEMAN  
DEPT PASS USITC, ATTN.: L. SCHLITT

E.O. 12958: N/A

TAGS: [ETRD](#) [EAID](#) [XA](#) [SF](#) [AGOA](#) [USTR](#)

SUBJECT: USITC STUDY ON U.S.-SUB-SAHARAN AFRICAN TRADE AND INVESTMENT

REF: (A) Pretoria 3480 (B) State 137500

[1](#)1. This cable provides supplementary information on reftel A that provided post's input for the fifth annual USITC study on AGOA.

[1](#)B. - Developments in major regional groupings (COMESA, EC, ECOWAS, IGAD, SACU, SADC, WAEMU, IOC, and CEMAC) (where applicable)  
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Mozambique has initiated discussions about joining SACU and Zambia is also considering such a step. However, SACU is deferring discussions until after the US-SACU FTA is completed.

[1](#)C. Updated Information on privatization efforts  
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The new Minister of Public Enterprises, Alec Erwin, has publicly indicated that the government will proceed with concessioning the Durban Container Port and greater use of the public-private partnership model (outsourcing) as a method of restructuring state-owned enterprises.

[1](#)E. Examples of U.S. trade capacity-building efforts in the host country, and associated effects (where applicable)  
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USAID/South Africa has initiated programs leading to an MSc in economics with a specialization in trade at the Universities of Cape Town, Stellenbosch and KwaZulu Natal. Thirty-four of the forty-eight South Africans given full scholarships are in trade.

The Mandela Economic Scholars program has sent 70 historically disadvantaged South Africans to the United States for advanced degrees in economics. Twelve of the 59 who have returned are in trade and related areas and are working in that field in government now. Two of the eleven still completing their studies in the United States are in trade and related areas.

USAID, through an agreement with the U.S. Department of Justice/Federal Trade Commission is providing assistance to the SA Competition Commission on limiting anti-competitive behavior. The DoJ/FTC provide advisors for 6 weeks to 6 months at a time. The advisors also arrange courses for all the staff at the Competition Commission on investigating anti-competitive behavior. The most recent course, completed in July 2004, was on ensuring that anti-competitive behavior does not distort government tendering.

In collaboration with DFID (UK foreign assistance), USAID is supporting trade research and capacity building at the South African Institute for International Affairs (SAIIA). This assistance emphasizes the creation of linkages between negotiators and the South African business community to expand their understanding of current trade issues and how they might impact on SA business.

Complementing the work with SAIIA is a similar initiative with South African labor unions through ACILS (the American Center for International Labor Solidarity) to improve the knowledge of SA labor on trade issues through workshops involving a total of 50 labor union leaders.

USAID has provided assistance to small and black-owned SA businesses to take advantage of the opportunities offered under AGOA. This initiative has recently been expanded to include small businesses throughout southern Africa.

USAID was the lead donor in assisting the SA Department of Public Enterprises in restructuring (privatization) of selected state enterprises. USAID also helped the SA National Treasury in developing the public-private partnership model to the provision of government services. This approach is now being extended from national to provincial and municipal governments, and the Office of the Presidency has requested it also expand its work to assist similar institutions throughout sub-Saharan Africa.

SATI (the Southern African Tax Institute), funded by USAID and DFID, has 8 mid-year courses on tax issues for tax officials from throughout sub-Saharan Africa. This has resulted in the harmonization of taxes and especially customs procedures. Four separate courses are

offered each September on harmonization of municipal taxation.

USAID's assistance to the SA Parliamentary finance and budget committees has been extended to similar committees in many SADC countries. The emphasis on each mid-year two-week course has been on globalization (macro-issues) and regulation (micro-issues). USAID's regional center for southern Africa has funded some of the non-SA participants.

FRAZER